

## MEETING OF

### THE DELAWARE AGRICULTURAL LANDS PRESERVATION FOUNDATION

A meeting of the Delaware Agricultural Lands Preservation Foundation was held at the Delaware Department of Agriculture, 2320 S. DuPont Hwy. Dover, Delaware, April 12, 2006, with the following members in attendance:

Robert F. Garey, Chairman	Michael T. Scuse, Secretary of Agriculture
Lyn Davenport, Secretary	Ann Visalli Deputy State Treasurer (representing Jack Markell, State Treasurer)
Alden Hopkins	W. Allen Jones, Chair of the Governor's Council on Forestry
Kevin Coyle (representing John Hughes, Secretary of DNREC)	

Absent: Theodore P. Bobola, Jr., William Vanderwende and Dennis Clay.

The following staff members were in attendance: Michael McGrath, Milton Melendez, Cathy Mesick, Scott Blaier, and Robin West.

Others in attendance: F. Michael Parkowski, Esq., William Denman, Esq., Mr. Phil Tuthill, Mr. Jon Hall from NRCSD, Michael Halewski, Esq. from Hudson, Jones Jaywork & Fisher, Mr. Jay Hauck from Caldera Properties, Mr. John Hayes from DRWA, Mr. Jigar Patel from Delaware Rural Water Associates, Brandon Jones, Esq., Pat O'Connell from Evergreen Capital Advisors, Mr. James Fox from Stover Builders.

Chairman Garey opened the meeting at 8:30 a.m. with prayer.

#### I. Progress Report:

Milton Melendez informed the Board that we have a total of 638 farms in preservation districts totaling 142,601 acres, with a total of 441 farms under agricultural easements totaling 80,815 acres at a cost of \$103,901,727. In Purchase of Development Rights Round 11 we currently have received applications for 71 farms with a total of 10,879 acres and in Purchase off Development Rights Round 12 we have currently 30 applications totaling 10,879 acres.

#### II. Expansion Eligibility/Final Approval

1. The McAllister Expansion of the Severson Neck District, ID#K-06-03-081F. After discussion, **Lyn Davenport moved to accept for eligibility/final approval the McAllister Expansion of the Severson Neck District, seconded by Kevin Coyle. Motion unanimously approved.**
2. The Charles Lester Larimore Expansion of the Hanson Agricultural Lands District, ID#K-05-04-044J. After discussion, **Kevin Coyle moved to accept for eligibility/final approval the Charles Lester Larimore Expansion of the Hanson Agricultural Lands District, seconded by Allen Jones. Motion unanimously approved.**

Secretary Michael T. Scuse waived the veto of the Secretary of Agriculture for the above two properties.

#### III. Public Comments – No public comment were forthcoming.

#### IV. Minutes - Chairman Garey asked if there were additions or corrections to the March 8, 2006 minutes. Receiving no additions or corrections to the minutes, **Allen Jones moved the minutes be approved, seconded by Kevin Coyle. Motion unanimously approved.**

#### V. Financial Highlights:

Cathy Mesick informed the Foundation Board that we had, as of March 31, 2006, \$7,099.02 in the Foundation's checking account. The Foundation's interest bearing State of Delaware account had a balance of \$313,811.78. Revenue for the month of March was \$498.91 in roll back taxes. Expenditures for the month of

March totaled \$14,747.96. After discussion, **Lyn Davenport moved to accept the Financial Report as presented, seconded by Kevin Coyle. Motion unanimously approved.**

At this point Michael McGrath informed the Board that we received \$2.4M of FY'06 Federal funding for farmland preservation in Delaware. This amount is as large as the Federal funding received by California.

Secretary Scuse introduced Mr. Jon Hall who is the Director of NRCS here in Delaware. Chairman Garey informed the Board about the award he received in behalf of the Board from the Nature Society.

VI. Executive Session – no Executive Session was necessary.

VII. Other Business

1. Murderkill River Estate Expansion of the Miller District, ID#K-98-12-005A  
Utility Easements and Road Improvements Right-of-Way.

William Denman explained to the Board that the paperwork was not yet completed. The Board decided to table this until the paperwork is completed.

2. Farm Lands L.P. District, ID#K-92-12-009

Access Easement across the land of Farm Lands, LP District for access to the Kesselring property was presented by Mike Parkowski and William Denman. Mike Parkowski informed the Board that the Deed of Easement has been amended to comply with the Foundation's easement. There will also be a utility easement for this property. After discussion, **Lyn Davenport moved to approve the access easement and the utility easement for the Farm Lands L.P. District, seconded by Kevin Coyle. Motion unanimously approved.**

3. D M Jones Expansion of the Grace Shorts Caulk District, ID#K-92-11-007  
Drainage Easement for DelDOT.

William Denman informed the Board that the paperwork for this easement has not yet been completed. The Board decided to table this until the paperwork is completed.

4. Somy Expansion of the Miller District, ID#K-92-10-005  
The Krause family request for hardship to sell house to a non-family member.

Brandy Jones, Esq. presented the request of the Krause family for a hardship to sell their dwelling to a non-family member. William Denman informed the Foundation Board that if this property would later be placed in under the new legislation concerning dwelling housing, that this hardship would count as one of the three dwellings that is allowed under the new legislation. After discussion, **Kevin Coyle moved to approve the hardship request for the Krause family, seconded by Allen Jones. Motion unanimously approved.**

5. Emil and Ruth Gallo Release 30.89 acres – Gannon Easement PDR 8.

Brandy Jones and Michael Parkowski presented the request for release of 30.89 acres. After discussion, **Lyn Davenport moved to allow the release of 30.89 acres from the Gallo family to the Gannon family, seconded by Kevin Coyle. Motion unanimously approved.**

6. Phillips District, ID#S-93-02-015  
Request from Woodrow Phillips for variance from 50' setback.

Michael Parkowski explained to the Board that we cannot grant this request because it is a minor subdivision and under our regulations we have no issue with it. This setback is a County issue. The Foundation's 50 foot setback applies only to major subdivisions. Mr. Parkowski was instructed to reply to Mr. Woodrow Phillips with

copies of the correspondence to all other involved parties. There being no need for the Board to vote on this issue, no motion was made.

7. LESA Model

Michael McGrath presented the LESA model to the Board. This new model is an attempt to make the LESA system more understandable. Mr. McGrath wanted to take the time to show to the Board how the model is evolving.

After the LESA model presentation Michael McGrath informed the Board that we plan to announce the properties to have development rights purchased in PDR 11 at the May 10<sup>th</sup> Foundation meeting. Mr. McGrath stated that there would be a dramatic cost increase for the easement purchases in PDR 11.

8. Presentation by Evergreen Capital Advisors – Mr. Patrick O’Connell

Mr. Patrick O’Connell presented an overview of IPA’s, Installment Purchase Agreements. These contracts can be sold by the landowner for cash if the landowner so chooses. There would need to be a legislative change to allow the Foundation to offer IPA’s to interested landowners. The change would be to subsection 913(b) of the code. There would also need to be an authorization in the yearly Bond Bill to allow IPA’s. The interest payments on IPA’s would be part of the State’s annual debt service obligation.

Could do the IPA by the purchase of zero coupon bonds from the US, and the cost of the purchase price would be 23 cents on the dollar. Can also do IPA’s through the Counties and each County would need to enter into these agreements, through their County Charters.

Michael McGrath added that IPA’s are an option that we want to present to landowners. Chairman Garey stated that we need more information on IPA’s.

VIII. Adjournment

As there was no further business to come before the Foundation, the meeting adjourned at 10:30 a.m., the Forestland Preservation workshop will begin at 11:00 a.m. after the Foundation meeting. The next meeting of the Foundation will be held on May 10, 2006 at the Delaware Department of Agriculture, beginning at 8:30 a.m.

Respectfully submitted,

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Lyn Davenport  
Secretary

## WORKSHOP OF

### THE FORESTLAND PRESERVATION PROGRAM

A workshop for the Forestland Preservation Program was held at the Delaware Department of Agriculture, 2320 S. DuPont Hwy. Dover, Delaware, April 12, 2006, with the following members in attendance:

Robert F. Garey, Chairman	W. Allen Jones, Chair of the Governor's Council on Forestry
Lyn Davenport, Secretary	Alden Hopkins

The following staff members were in attendance: Michael McGrath, Cathy Mesick, and Scott Blaier.

Others in attendance: Austin Short (the State Forester), William Denman, Esq., Richard Neumann (DDA forestry staff), Mr. Phil Tuthill, Mr. Jigar Patel, Mr. Doug Simpson, Dr. R. L. Ricker, Mr. Brian Michalski, Mr. Robert G. Ritter, Sr., Ms. Genevieve Ritter, Ms. Beth Stephens, Mr. George Tolbert, and Mr. Bob Richard.

Chairman Garey opened the workshop at 11:00 a.m.

Michael McGrath made the opening remarks for the Forestland Preservation Program workshop.

Austin Short covered the overview of Senate Bill 121 which established the Forestland Preservation Program in July 2005. Mr. Short covered the minimum requirements of the program and the Forest Preservation Area (FPA) agreement and the property restrictions.

Michael McGrath covered the landowner benefits of the Forestland Preservation Program.

Mr. Lloyd Alexander asked how someone in the Delaware Agricultural Lands Preservation Program would enroll in the Forestland Preservation Program. Austin Short stated that if you haven't sold the development rights to the land you can also enroll in the Forestland Preservation Program.

Austin Short then covered the Forestland Preservation Easement process. Mr. Short explained that we would not be putting State or Federal lands in the Forest Preservation Program.

Mr. Doug Simpson wanted to know, would there be no additional value for well managed properties? Austin Short said that he understood the question, but that the determination of "well managed" would be more subjective than what is currently proposed. Chairman Garey said that we need an impartial process for the purchase of easements.

Mr. Alexander wanted to know how the highest and best use would link to forest value. Michael McGrath said that we hire an appraisal firm and using the comparative approach for land only the appraisal would show the full market value, forest only value (capitalized income stream approach.) Mr. McGrath went on to explain the whole appraisal process and that the landowners in the Farmland Preservation program have been pleased with the appraisals.

Mr. Alexander wanted to know if you would allow smaller parcels? Austin Short said that he would look into this as it is not in the regulations now. William Denman would also have to look into this from the legal standpoint.

Mr. Short then went over the Guidelines and the actual law in review. William Denman asked that everyone present give Austin Short their name, address, and e-mail address for a copy of the final version of the Guidelines. Michael McGrath invited all forestland owners to give the staff their parcel number(s) and we can give you answers to numbers 2, 3 and 4 in the Easement selection process right now!

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Mr. Short ended the workshop by encouraging everyone to consult with us for a Forest Management Plan. The workshop ended at 11:50 a.m.

Respectfully submitted,

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Lyn Davenport  
Secretary